(c) To what extent this has been welcomed by the NRIs; and

(d) What are the details of projects finalised for implementation by NRI at present?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) With a view to further encouraging NRI investments, RBI have in May and June 1993 issued an enablig notification nd circular to allow existing or new companies to issue equity shares and convertible debentures to non-residents of Indian nationality| origin upto 100 per cent of the new issue, with repatriation benefits, for the following activities:—

(i) Development of serviced plots and construction of built up residential premises;

(ii) Real estate covering construction of residential and commercial premises including business centres and offices;

(iii) Development of townships,

(iv) City and region level urban infra-structure facilities including roads and bridges; and

(v) Financing of housing development.

(c) and (d) As the enabling notification and circular have been issued only in May-June 1993, it would be too early at this stage to evaluate definitively the extent of response from NRIs to this announcement of RBI, or the details of projects in the housing sector promoted by the NRI entrepreneurs

**Change in the Excise Policy**

2559. SHRI KRISHAN LAL SHARMA: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal to change the excise policy, if so, what are the details thereof; and

(b) what are the reasons that have necessitated the change in the policy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) In terms of Entry 84 of List I of the Seventh Schedule of the Constitution of India, central excise duty is leviable on specified goods manufactured or produced in India. At present, there is no proposal to change this policy of excise levy.

**Reduction in the rates of Banks interest**

2560. SHRIMATI VEENA VERMA;
SHRI RAJNI RANJAN SAHU:

Will the Minister of FINANCE be pleased to state:

(a) whether Government had lately reduced both the upper and lower limits of the rate of interest on deposits as well as advances for banks;

(b) if so, what are the reasons for reducing the interest rate specially on deposits and

(c) whether this has and is on deposits and also on savings?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (c) As per directives issued by Reserve Bank of India (RBI) to all scheduled commercial banks interest rates on term deposits/saving deposits as also on advances have been reduced recently as under.

TERM DEPOSITS Interest Rate for maturty of 46 days to 3 years and

above was reduced by one percentage point from "not exceeding 12.0 per cent p.a." to "not exceeding 11.0 per cent p.a. with effect from 1st March, 1993.

SAVINGS DEPOSITS Interest Rate was reduced by one percentage point from 6.0 per cent p.a. to 5.0 per cent p.a. with effect from 1st July, 1993."

*Advances*

| Size of Limits | Rate of Interest (% p.a.) | |
|---|---|---|
| | Upto 23.6.1993 | Revised Rate effective 24.6.1993 |
| Over Rs. 25,000/- and upto Rs. 2 Lakhs . . . | 16.5 | 16.0 (fixed) |
| Over Rs. 2 lakhs . . . . . | 17.0 (minimum) | 16.0 (minimum) |

The structure of lending rate is determined by RBI taking into account a number of factors like the growth of economy, the rate of inflation, the pace of monetary expansion, the cost of raising resources by banks, the profitability of banks etc. RBI feels that the current structure of rate for deposits and lending is appropriate. The data given in the Table below show a steady growth in aggregate deposits and bank credit by all scheduled commercial banks.

(Rs. in crores)

| As on | Deposits | Credit |
|---|---|---|
| March, 1991 . . . . . | 192542 | 116301 |
| March, 1992 . . . . . | 230758 | 125592 |
| March, 1993 . . . . . | 268250 | 151662 |

**World Bank concern over slow pace of rsforms**

2561. SHRIMATI VEENA VERMA:
SHRI RAJNI RANJAN SAHU:

Will the Minister of FINANCE be pleased to state:

(a) whether a World Bank team which visited India in May this year, expressed concern over the slow pace of reforms effected by Government;

(b) if so, what were their precise concerns and suggestions; and

(c) what steps have been taken in response thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED):

(a) No, Sir.

(b) and (c) Does not arise.